



Fact Sheet

Paradise-Gas Addition & Coal Retirements

The TVA board of directors on Nov. 14, 2013, approved a resolution to build a gas plant at Paradise Fossil Plant and retire coal Units 1 and 2 when the gas plant is available. Coal-fired operation will continue at Paradise Unit 3, one of TVA's largest coal units.

Background

As part of a thorough evaluation of its entire fleet, TVA has been evaluating potential future investments at Paradise to meet stricter EPA Mercury and Air Toxics Standards (MATS) regulations. As a result, TVA is moving toward what it considers an ideal generating fleet that is cost-effective, efficient, clean and diversified in order to continue to provide low rates and high reliability.

The Paradise decision considered risks and benefits related to demand for power, fuel costs, construction costs, anticipated future regulations and impact to our employees and communities around Paradise.

In the end, building a gas plant was the best long-term decision when all the benefits and risks were weighed and presented the best option for cleaner generation, while providing more flexibility to quickly meet peak loads during the day and come offline quickly at night when loads drop significantly.

TVA is confident that this option fulfills the needed generation in this area in the most effective way so that we can continue to bring reliable, low-cost energy to the people of the Tennessee Valley.

Key points

- TVA recognizes that workers are impacted by these decisions. As we have done at John Sevier, Johnsonville and other sites across the Valley impacted by changes, our Human Resources and Labor Relations representatives will communicate with employees to provide timely information and work with those impacted.
- The approximately \$1 billion investment in building gas-fired units in Muhlenberg County, Ky., will help TVA achieve its vision of being one of the nation's leaders in providing low-cost, cleaner power.
- Coal will remain an important part of TVA's overall generation mix for the foreseeable future.
- TVA has taken numerous steps, including scrubber upgrades on Paradise units 1 & 2 in 2012, to greatly reduce emissions at Paradise. However, additional controls are needed on these units to meet more stringent EPA Mercury and Air Toxics Standards (MATS) regulations.
- Paradise Unit 3 already meets the stricter MATS regulations and does not currently require environmental upgrades. It will continue to run.
- Paradise Units 1 and 2 will be retired when the gas plant is available. These retirements will add another 1,400 megawatts of retired coal to our prior EPA commitment as we work to provide cleaner energy.
- As a result of lower demand, more stringent regulations, and other factors, TVA now has either retired or announced pending retirements of 26 coal units totaling more than 5,600 megawatts at its Colbert, John Sevier, Johnsonville, Paradise and Widow's Creek fossil plants.



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- These actions will result in lower air emissions, less dependence on coal and more reliance on cleaner power sources and greater energy efficiency – all key components of TVA's vision, Integrated Resource Plan and business strategy.

Other information

- Paradise Fossil Plant, located on the Green River in western Kentucky's Muhlenberg County, has three generating units with a summer net capability of 2,201 megawatts.
- Paradise typically generates 14 billion kilowatt-hours of electricity each year, enough to supply more than 950,000 homes.
- TVA began construction on Paradise Fossil Plant in 1959 and completed Units 1 and 2 in 1963. Unit 3 was completed in 1970.
- Units 1 and 2 have a rated capacity of 704 megawatts each, and Unit 3 has a rated capacity of 1,150 megawatts.
- Paradise has nearly 400 full-time employees with an annual payroll of about \$30 million. Unit 3 employs approximately 160 people and generates around 5 million MWH's of electricity per year. The unit burns approximately 2.5 million tons of coal, about 88 percent of which is from Kentucky mines.
- Paradise's peak coal consumption is about 20,000 tons of coal a day. The plant used 6.15 million tons of Kentucky coal in FY12, 88 percent of it from Western Kentucky.
- TVA made \$13.19 million in tax equivalent payments to Muhlenberg County in FY12.

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